

WADCO NEWS

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The Federal Income Tax

It has occurred to us that at this particular time, while you and I are searching our minds for the solution of the tax problem, it might be well to review, in a general manner, the history and inception of the income tax and discuss the different methods

The purpose of this article is not what to do, nor how to do it, but rather to acquaint you with the evolution of the income tax laws.

From our varied experience with this uncertain problem we find that very seldom do the same technicalities arise in any two tax returns and to tell you how to prepare your particular paper would take volumes of quotations from different decisions rendered on similar returns and peculiarities, and even then you would probably have to submit your case to a specialist to be analysed. Not only that, but these same specialists, men of great experience and study on this subject very often vary in their conception of the applications of the different clauses contained in the income tax law. In face of this, we would hardly wish to take the responsibility of advising through this article.

The Income Tax law may be traced back to the days of the Civil War, when on August 5, 1861, Congress passed an act levying a tax of 3 per cent. on all incomes in excess of \$800 and in the following year reduced the exemption to \$600. Surtaxes were assessed at 5 per cent on all incomes over \$10,000. This particular tax drew revenue from more than 275,000 individuals and netted the government in excess of \$375,000,000, a small amount as compared with the enormous revenues collected today, and yet it sufficed as well as the collections of today. This law expired by limitation in 1871.

In 1894, the next income tax law was passed by Congress, and in the following year the Supreme Court held that it was unconstitutional on the ground that it was a direct tax and as such, could only be levied if apportioned according to the population of the various states.

In 1909 a Special Excise tax applicable to corporations, at the rate of 1 per cent on entire net income

over \$5,000, received by corporations from all sources, was accepted by the Supreme Court as constitutional, and this tax remained in force until the Act of 1913 replaced it.

In 1913, the sixteenth amendment to the Constitution was passed, providing that Congress shall have the power to lay and collect taxes on income from whatever source derived, without apportionment among the several states and without regard to any census or enumeration. Immediately after the ratification of this amendment, Congress began laying plans for an income tax law which was finally approved on October 3, 1913, and effective from Mar. 1, 1913. This law was held to be constitutional by the Supreme Court in the famous case of Brushaber vs. Union Pacific R. R., although many of its Treasury Department rulings have not been upheld by the Supreme Bench.

The personal exemption allowable in this tax levy was \$3000 for a single person and \$1000 extra in the case of a married taxpayer. It was applied to the incomes at the rate of 1 per cent. on net income and was gradually increased to 6 per cent on the incomes of \$500,000 and over. This tax yielded \$71,000,000 the first year and was collectible at source. Collectible at source is a novel feature of the tax and was probably copied from the English method of collection which required that all persons or corporations paying to individuals, incomes in form of wages, interest, rent, etc., of \$3000 or \$4000 were required to deduct 1 per cent. tax from this amount payable and turn it over to the Collector of taxes. This method of collection caused so much complaint that it was soon abandoned because those to whom the duty of collection fell disliked the duty of collecting in this manner.

In 1916 the law of 1913 was repealed and a new income tax levied on the taxpayer. The principle of the tax and application was about the same as that of 1913 fundamentally, and its purpose was merely to raise the rate of taxation from 1 per cent to 2 per cent. on small incomes and from 1 per cent to 13 per cent. on incomes of great volume. It may be added that it also was revised to

draw better distinctions and remodel those parts of the 1913 law that had caused so much friction.

This particular tax yielded about \$360,000,000 and yet such a sum was entirely inadequate to meet the tremendous expenses caused by our entry in the war in 1917, consequently an act was passed in 1917 raising the tax rates to a level never before approached in the history of taxation. The 1917 law which was passed on October 3, 1917 was merely a revision to the law of 1916 and by its radical changes in regard to exemptions being disallowed and lowered and wages increasing abnormally as money lost its old standard of exchange, we for the first time probably began to feel the effect of the income tax laws. A new normal tax rate of 2 per cent. was imposed on individuals and a rate of 4 per cent levied on corporations, while surtaxes ranged from 1 per cent. to 50 per cent. on larger incomes with reference to their derivation. As you all know, the 1917 law reduced personal exemption of the working-man and all others to \$1000 for a single person and \$2000 for a married taxpayer, with various other exemptions such as \$200 for each dependent child and so on.

The rates levied against the individual taxpayer in the law of 1918 were 6 per cent. applicable against income of \$4000 and under, with a normal rate of 12 per cent. on income in excess of this amount. Corporations were taxed at the rate of 12 per cent. during this period and were further taxed on their excess profits. These rates, however, were of short duration and a revision followed, effective on January 1, 1919, wherein the individual taxpayers were taxed on their income at the rate of 4 per cent. on the first \$4000 and under, with a normal rate of 8 per cent. on income in excess of this amount. Corporations were taxed at the rate of 10 per cent. and the excess profit tax was still enforced.

The law of 1918 is still in effect and many of you have felt its sting. As to the question of when it will be repealed, you know as much about it as we do, but our opinion is, that it will be some time into the future be-

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EDITORIALS

Remember!

March 1st—State returns must be filed.

March 15—Federal Returns must be filed.

Answer to "Why Is This?"

1. That the "intelligent bunch of people" have to go some to get ahead of Henry's girls who are all in line before the bell rings and ready for the hundred yard dash, and have no respect for old age.

2. After rushing every day at piece work, it is a force of habit to keep on rushing.

3. It is a pleasure to "hear" Arthur Plante start his car—when it is "frozen up."

When we went to school we did not jump over desks nor children to see who could reach the door first. We stood and let one aisle go out. Now, I think we could do something of that sort here. We are only children grown up (at least we are supposed to be). Why not stand up and go in turn to ring out. It would not take any longer than it does to jump and walk over the others to the clock first. The car won't go until the crowd gets there.

Dear Editor: Will you kindly correct the mistake in your last issue. The price of the "Purring Motor" is \$750 not \$600.—(Signed) H. Crowther.

Continued on Page 1, Col. 1.

fore we can do without taxation by this method, unless some new and more practical scheme of taxation can be introduced to replace it, such as the 1 per cent. Sales Turn-over Tax.

This entire article deals with the Federal Income Tax and should not be confused with the State Tax which you have just made out and forwarded to the State Collector to be there on or before March 1, 1921. The Federal Tax is due to be returned by the 15th of March and the accounting department will be at your service in rendering these returns should you so desire, and any questions not within their understanding will be referred to the Company's tax adviser.

MIDDLEBORO NEWS

Evelyn has a diamond
Which to her is very dear,
And Gladys had a shower
So *their* honeymoon is near.
Lucy has a hope chest,
Will she hope in vain?
Beatrice thinks a man
Is very hard to gain.
If she should ask the matrons
Who have been through the mill,
I know they'd surely tell her
"There's a way, if there's a will."

Frances dressed in a hurry,
The result was surely "a scream,"
When she arrived one stocking was
brown,
The other a beautiful green.
Hazel, she has whispered
That "wedding bells we'll hear"
But who *he* is, we wonder
For we never see him near.
Mildred's boudoir cap is missing,
Now we always see her eurls.
Corina she is wearing
A brand new string of pearls.

Dora, she is love sick,
And completely "on the blink,"
Annie's so industrious
She hasn't time to think.
Marie says "she's disgusted
And on fellows is not keen."
Sophia wears a new ring
With stone of brilliant green.
We miss Eulalia singing,
For she has gone away.
Reginald is so bashful,
Not a word he dares to say.

Arthur's girl has vanished,
So he's feeling pretty blue.
Norman he is quiet and
Sticks to work like glue.
The Boss's look of sadness
I wish that we could cure,
That "he'll never, never smile again"
We are often very sure.
But then he is a genius,
And many things can make,
For the bed he built for his baby boy
I'm sure would "take the eake."

Charlie does not here belong,
His place is in burlesque,
So the tantalizing things he does
We have to take in jest.
If Johnny's heart should get on fire
We'll ring "a still" alarm
And expect his Plainville comrades
To rescue him from harm.
And Billy often tells us
That "he has a wife at home,
And if he does not now behave
She'll whack him on the dome."

—HATTIE GOODWIN.

Horace originated the idea of wearing coarse cotton gloves while about his duties in the shop. Later he may affect clogs and dress suit. Then we will elect him to our minstrel troupe.

Ed. Herlin took a trip in "The Green Dragon" to New York a little while ago. We would be interested to know if he enjoyed the blow-outs.

What an awful thing it would be if a pickpocket were to touch William Stevenson of the Gold Department. Bill is in the habit of carrying eight pints every day. Only milk!

The Repair Department has been moved into the corner shop where they have practically a little factory of their own with coloring, soldering, polishing and assembly departments. Arthur Boehnke is foreman of the new factory.

Hector Couto might not be much of a fox hunter but he has proved his ability as a fox-trotter.

We hear that when Horace Cheever got a strike the other night, he pitched the next two balls down the gutter. Taking pity on them, Horace?

SPORTS

FRANK BROWN, Editor.

Our artist has spread on paper some of the scenes he saw at the great basket ball game which took place between the so-called Hinkey Dinks who represented the office force and the Hambones who represented the brains of the Die Sinkers.

Those who were not there missed the times of their lives. There were times when the lives of some of the players were hanging in the balance. The hall was prettily decorated with potted plants, mostly of the Sir Arthur variety, in fact the entrance of the hall was more than guarded by a serious looking plant not very pretty to look at, but much alive when stirred up. Bill Barton for Hinkeys secured some strangle holds on various occasions but when Fulton got a scissors hold on Bill he gave up and took the count willingly. Sturge tried and tried again to make his big D assert itself, but he found that the going was a little rough in spots for him. Ray Fulton was the star, having eaged ten-baskets during the struggle. He is very modest in his make-up and for that reason he let up in his play as he did not want to make the college boys look like pikers.

The teams were made up as follows:

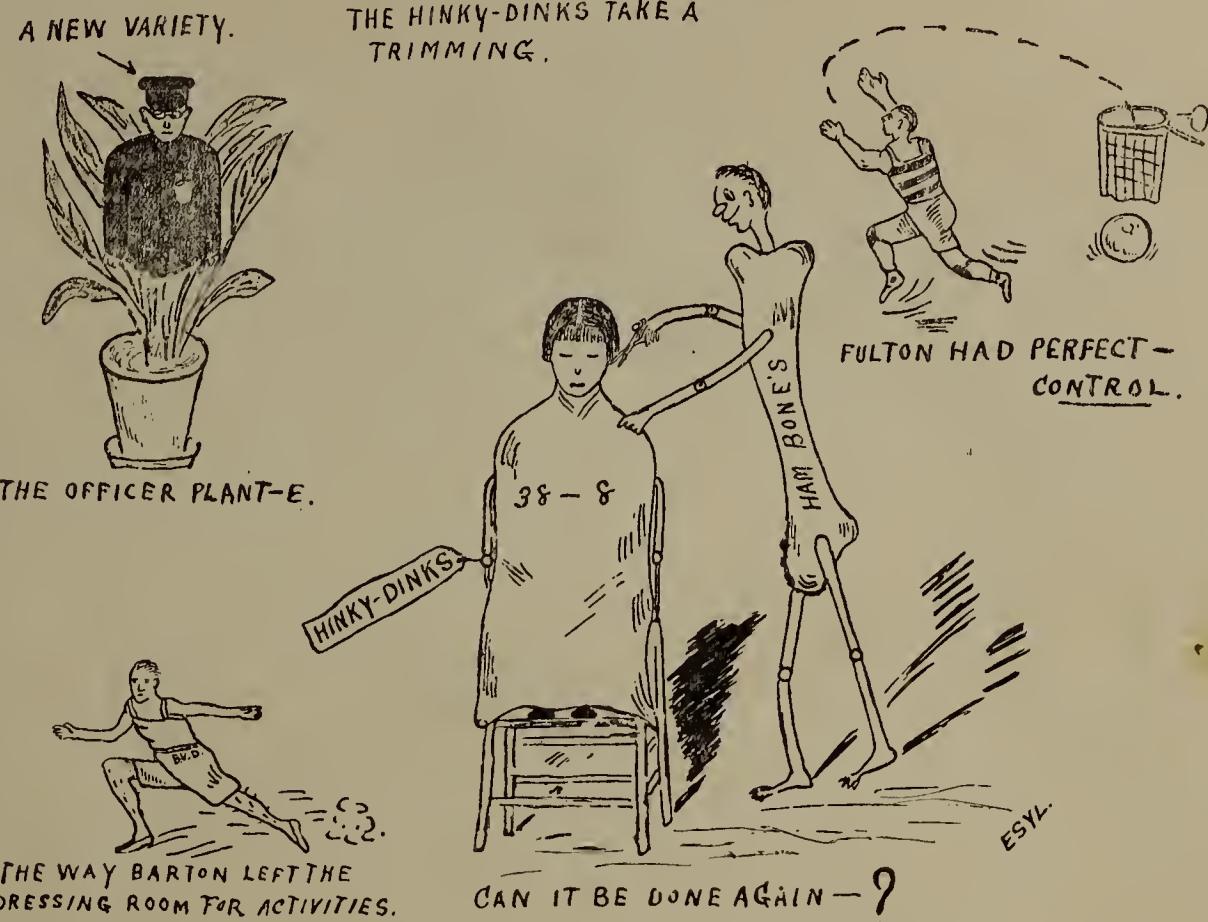
Hambones—Coutu, Fulton, Boyles, Bunch, Toothill, Clampitt, Waldron. Total 37.

Hinkey Dinks—Mayshaw, Evans, Rice, Meegan, Osterholm, Manchester, Barton. Total 8.

Seen on the Side Lines

What was Officer Plant trying to do over in the corner? Put the handenffs on Eva or were they only holding hands?

Three cheers for our old assistant manager Bill Kenney for jumping in and furnishing music while the regular orchestra were on their way. Did you notice Horace, he of the poisoned hands? He still wears cotton gloves and delights dancing with the younger set. Oh, you kid!



Archie Walden, who was the referee, was surprised to see such talent as was shown in both teams, so look out, boys, he will be after some of you for his all-stars.

Bowling still holds the athletes. The ladies of the Gold Mesh Department felt they had something they could put over on the Soldered Mesh girls, so they gave them a game with the following results:

GOLD MESH				
McClemens,	60	67	53	170
Curran,	41	38	66	146
St. John,	57	51	62	170
Passmore,	37	67	34	138
Gilbert,	47	66	31	145
				769

SOLDERED MESH				
Whiting,	52	52	76	180
Larocque,	56	55	55	166
Cooke,	42	42	55	139
Gauvin,	48	36	44	128
Babineau,	65	62	73	200
				813

Miss Babineau was high for the Soldered Mesh in the three-string totals and Miss Whiting carried off the laurels for a single string of 76.

The Planning boys have been going along fine trimming all comers until the Polishers got after them, and they did the trick. Now they are not so proud as of yore.

POLISHING ROOM

Jillson,	93	97	91	271
Poor,	83	86	92	261
Lewouski,	79	97	90	266
Barrows,	83	83	106	272
Fawcette,	89	105	108	302
				1372

PLANNING ROOM

Crotty,	91	103	92	286
Spence,	96	70	78	244
Manchester,	96	84	82	262
Kenyon,	99	78	85	262
Manchester,	101	85	111	297

1351
This game was for a steak supper to be paid for by the losers. Fawcette is entitled to the first helping for his high string of 302. Gene and Ed showed some class for the planning boys, but could not polish off the lads from the shining department.

And who said that our worthy editor was a has been? Did you see him do the Wiggle Woggle and the Yipper Yapper in the true mediaeval style?



CAUGHT IN THE MESH



Echoes from Export

You ask where we are? Well, I'll tell yon,
Over the wide, wide ocean,
And across the rocky bar.
And the answer comes from far

You ask what we are doing?
Well, all through the live long day
We are cutting tags and wrapping
And putting bags away,

To be shipped to the far off countries,
To the people strange and queer;
To the men and women and children
To fill their hearts with cheer.

And now we ask you to hurry
All of our bags along
And thereby relieve us of worry,
So things won't all go wrong.

'Tis only a little we'er asking,
And we hope you will grant us this
To aid the packers and shippers
And help complete our list.

And so with a will we are working
Like each and every department,
And we hope you will hear through
out the year
Echoes from the Foreign Department.

We are beginning to think there
will be another (Mrs.) added to the
Unsoldered Mesh Department if Eddie R. of the tool room doesn't stop
hanging around Violetta.

The unsoldered mesh girls are wondering why the editor often passes them by without any comment in the paper. They say if he would keep his eyes open he would see enough to fill the back page. Ask Blanche and Lillie. And our little "inspectress" with her "violet" eyes can certainly find mistakes that keep Henry guessing whether he will put some one else on the job or not.

Who is it that walks on his heels
in the Planning Dept.? B. B.—to save
his soul (sole).

Lil's motto is—"Let George do it."

Valentine Party

The Valentine Party and Supper held by the Office, Planning, Foreign and Repair Departments sure was the big event of the season. The table was prettily decorated, with favors 'n everythin', and justice was done to the supper served by Mr. Olsen, even though it was interrupted by the spasms of laughter caused by the "Yes" and "No" game which was in progress all evening. How they did hate to part with their arrows! Other games followed fully as interesting, and the party was complete even to the music, dancing and chorus girls. The fun lasted until a late hour, and all expressed their appreciation to the social committee, and Mr. Whiting, who so kindly allowed the use of the restaurant.

Our worthy Editor has, no doubt, received many, funny or otherwise, answers to the query in the last edition of the Wadeo News, why our employees will risk life and limb to get to the time clock.

Now if we consider similar cases in every-day life we find that it is only a natural impulse most of us indulge in. It is not so much the desire to be out of the shop or office, but that latent spirit of rivalry, that wishes to be first, whenever we are conscious of the fact that someone else is trying to "get ahead" of us, that makes us act in the manner noted.

In conclusion notwithstanding what some wiseaeres might claim, it is not so much the wish to be out of the shop that should be emphasized. But the fact that after a day's work we are still so full of spirit, that we sprint up the aisle, down the stairs, challenge a friend to a game of pool or perhaps make a date with a lady fair. Look us over right and you find there is a reason in most everything we do.

P. J. S.

Gagnon would be very glad to know what happened to his can of soap one night a week or two ago. Perhaps a certain tool-maker could tell him.

Everett Davis is working in the Sherbrooke factory for a few months.

Chester Anderson spent a couple of weeks in Chicago at the "Fashion Show" for the Company.

Dandekian was married Feb. 5, in Fitelburg. The Mesh Department presented him with a large oak dining room table.

Alfred Chabot, night foreman of the Mesh Department, was taken to the Bristol County Sanatorium a few weeks ago. He is reported as resting comfortably.

Mrs. F. Wolle of the Joining Machine Department has been taken to the Milford Hospital for appendicitis.

The Joining Department has moved into their new quarters.

I fail to see why the editor wants an answer to the question on the front page when he has already answered it himself. We are ruled by our habits. It is a habit.—Irene Blanchard.

She—"I don't like you, Al, when you wear a red necktie."

He—"Alright, I'll buy a gross of them."

Anyone wishing to have their house cleaned apply to Byron Gardner. The Chain Company will give him a good reference.

It gave Catherine Kennedy a terrible appetite to see "Apple Blossoms." She had to stay in town for supper, which consisted of a doughnut and a cup of coffee.

Dan Crotty learned something about Sloan's Liniment, as well as about hockey the other day.

Someone asked Frank Murphy if his folks were well-to-do. "No, they are hard to do," replied Frank.

John Killian, of the Chain Company, went to New York recently on business for the firm.